



# NEWS RELEASE

## PRESS OFFICE

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## ***SBA's HUBZone ECONOMIC DEVELOPMENT PROGRAM OFFERS FASTER ONLINE APPLICATION, NEW RULES***

### ***---Program Marks Second Anniversary---***

**WASHINGTON** – The U.S. Small Business Administration's economic development initiative for distressed communities, the HUBZone Program, will mark its second year of operation with a totally revamped electronic application that is easier to use and is much faster than previous versions. The program first began accepting applications in March 1999 and certifications just passed 2,700.

This upgrade features a streamlined presentation with pop-up menus that help direct applicants to an online guide and, if necessary, the actual regulations. Another part of the system allows a computer user who has submitted an application to check its status at any time during the review process. The revised application is available at **[www.sba.gov/hubzone](http://www.sba.gov/hubzone)**.

**"At SBA, we've really put an emphasis on customer service, and this is another step in that direction,"** said Acting Associate Deputy Administrator for Government Contracting and Business Development, William Fisher. **"This is part of our effort to streamline our programs and reduce paperwork so that the doors of economic opportunity will be open to all Americans."**

**"The HUBZone program is yet another powerful economic tool designed to open the federal contracting arena to businesses in areas that are underrepresented. We believe this electronic application will help us shave 10 days off the decision process, and help us reach our goal of 4,000 HUBZone companies by the end of this year and with less red tape than ever before."**

In fiscal year 2000, the HUBZone Program has accounted for an estimated \$646 million in contracts to certified small businesses.

Current rules require that decisions on certifications be completed in 30 days. Paper applications, while still being accepted, will not move through the HUBZone review system as quickly as an electronic application.

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### **ADDED HUBZONE DEVELOPMENTS**

In PL 106-554, SBA's Reauthorization Bill enacted on Dec. 21, 2000, contained HUBZone changes that provide:

- A three-year "Grandfathering" provision which permits areas that lose HUBZone designation to extend area participation for three years after a change in status;
- Clarification on ownership which expands the definition to ensure that Native American tribes are approved for participation;
- Extension of the program's geographical scope to include property designated as Indian Trust Lands; and
- Certification eligibility for small businesses owned in whole or in part by Community Development Corporations, the groups often linked to local economic enhancement initiatives.

In another major development, new rules that encourage more widespread participation in the HUBZone Program appeared in the *Federal Register* on Jan. 18 and were effective Feb. 20. On Feb. 15, the Office of Management and Budget granted a waiver permitting the Feb. 20, effective date to remain unaffected by a 60-day hold placed on certain other federal rules and regulations. The amended regulations:

- Expand the pool of potential participants to many more resellers and retail firms;
- Change the definition of 'principal office' to accommodate special circumstances facing service and construction firms that assign personnel to on-site locations;
- Remove a provision that limited participation by small businesses with affiliates, that is, other companies with common ownership or management. The rule was considered to be overly restrictive; and
- Clarify the program's impact on federal contracting and potential use by state and local governments.

The regulations can be accessed at the SBA's HUBZone Web site in the "What's New" section.

The HUBZone Empowerment Contracting Program refers to Historically Underutilized Business Zones and was created in 1997 as a result of legislation sponsored by Senator Christopher 'Kit' Bond, Chairman of the Senate Small Business Committee.

For a small business to be HUBZone certified, its principal office must be located in a HUBZone and at least 35 percent of its employees must reside in one of these specially designated areas. Additionally, the firm must be owned and controlled by U.S. citizens.

Participants in the program can receive contracts through competition limited to qualified HUBZone firms, or on a sole-source basis. HUBZone firms are also given a price preference in bidding during full and open competition over non-HUBZone large firms.

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Nationally, HUBZones are located in more than 7,000 urban census tracts, in 900 rural counties and on every federally recognized Native American reservation.

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*For more information about all of SBA's programs for small businesses, call the SBA Answer Desk at 1-800-U-ASK SBA or TDD 704-344-6640. Also, visit the SBA's extensive Web site at [www.sba.gov](http://www.sba.gov).*

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